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World Production and Trade

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RESERVE

United States
Department of
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Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly Roundup

WR 1-87

Jan. 7, 1987

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CURRENT SEASON RECORDS

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

U.S. Corn Export Prospects Brighter for JAPAN and CHINA. U.S. corn exports to Japan and China for 1986/87 could be higher than expected because U.S. corn appears to be favorably priced compared to corn from other countries like Thailand and South Africa. In the last two years, Japanese imports of U.S. corn have dropped from 14.3 million tons to 9.5 million tons in 1985/86. This season, Japan has already turned down unattractively high-priced Thai corn, while low U.S. prices are putting competitive pressure on high-cost South African corn exports. China has not imported large amounts of corn since 1982/83 (2.4 million tons) and is reported to have already bought nearly 500,000 tons of U.S. corn for delivery through June 1987; China normally imports Thai corn in April, May and June.

Indirect Subsidies Likely for AUSTRALIAN Wheat, SOUTH AFRICAN Corn. The Australian Wheat Board and South African Maize Board are facing increased financial strains as the gap widens between the Boards' high guaranteed payments to producers and falling export revenues in today's depressed world grain market. In Australia, the preliminary guaranteed minimum price for wheat of U.S.\$97.50 per ton compares with recent export prices at around U.S.\$82 per ton; this differential plus other expenses could mean a Board loss of up to \$200 million if Australia exports wheat at current world prices. In South Africa, an 8-percent cut in producer prices for yellow corn has already been announced to help cover the current export loss, estimated by the Maize Board to be running at around \$53 per ton, which could amount to over \$100 million on exports of 2 million tons.

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EUROPEAN COMMUNITY Increases Import Quota on CHINESE Manioc. The European Community (EC) has raised the import quota on Chinese manioc 17 percent to 350,000 tons per year, likely replacing some of the traditional, domestic feed grains. The EC feed grain displaced by these non-grain feed ingredients (NGFI's) could increase exportable grain supplies, intensifying competition for third country feed grain markets. Import quotas on other NGFI's, such as sweet potatoes, will go into effect in 1987; these commodities previously were not subject to restrictions. This could be an indication of the EC's increasing concern to protect the sensitive internal grain industry.

DAIRY, LIVESTOCK AND POULTRY

EC Opens High Quality Beef Quota. The EC has approved the opening of the 1987 29,800-ton import quota for high quality beef (HQB); the United States has a 10,000-ton share of this quota. The 29,800-ton HQB quota (allocated by supplier), along with 50,000 tons of frozen beef (open to all suppliers) and 2,250 tons of buffalo meat (allocated by supplier), are import quotas negotiated under the General Agreement on Tariffs and Trade (GATT). In the past, the United States has not been able to completely fill its 10,000-ton HQB quota. Additional quantities of HQB, which do not have the same standards as U.S. HQB, will not have a favorable impact on the United States's ability to fill its 10,000-ton quota.

The EC has not yet reached a decision on its discretionary "balance sheet" imports for manufacturing beef, which are not bound by GATT rules. There was some fear that opening the HQB quota may be tied to these imports. In past years when the two sets of proposals were linked, disagreement over the balance sheet imports sometimes caused delays in the opening of the GATT quotas.

The Commission proposed that no balance sheet imports be allowed in 1987, but that traditional suppliers (Argentina, Australia, Uruguay, New Zealand and Brazil) be allowed an extra 12,000 tons of HQB. The level of levy-free and reduced-levy balance sheet meat for 1986 was reduced by half to 25,000 tons and the Commission compensated by granting 6,000 tons of extra HQB.

The Commission argued that there is no need to allow additional meat imports because of large stores of manufacturing grade beef in EC intervention stocks. However, EC meat processors argue that quantities of suitable manufacturing beef offered to the processing industry must increase and prices of intervention beef must be reduced significantly if larger budget deficits are to be avoided.

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PERU Purchases Poultry Meat from FRANCE. Peru has purchased 4,000 tons of broilers from France at a highly subsidized price of \$942 per ton free on board (FOB) or \$1,070 per ton cost and freight (C&F). Delivery will be completed by January 25. Peru's poultry meat imports in 1986 are estimated at about 15,000 tons valued at \$16.6 million and were the first poultry meat imports in many years. Purchases in mid-December 1986 included 6,000 tons from France, 4,700 tons from Chile, 3,300 tons from Brazil and 1,250 tons from Venezuela.

The Peruvian government hopes that higher poultry production in 1987 will satisfy domestic demand. However, consumer purchasing power continues to rise, resulting in very strong demand for poultry which is less expensive than beef, pork and fish.

COTTON

U.S. Cotton Export Commitments Well Above Last Year. U.S. upland cotton export commitments (5.27 million running bales as of December 4, 1986) are more than 2-1/2 times higher than a year ago. Moreover, this year's commitments are almost 25 percent above a 5-year average taken from the 1980-84 marketing years. Outstanding cotton sales of 3.34 million running bales are over 3-1/2 times last year's at this time, and accumulated export movement of 2.08 million running bales for 1986/87 already exceeds total 1985/86 U.S. cotton exports. Currently, USDA projects 6.43 million running bales will be exported this marketing year.

TOBACCO

AUSTRALIA Proposes Ban on Imports of Smokeless Tobacco. Australia's major health advisory body recently recommended a ban on imports of smokeless tobacco, along with restrictions on domestic availability and advertising. If accepted, the proposed restrictions could be implemented within existing consumer protection legislation. Australia's Office of Consumer Affairs is seeking comments by January 23 from interested parties on the proposal. U.S. exports of chewing tobacco and snuff to Australia in 1985 (latest available data) were 7 tons valued at \$37,000.

FRUITS

Production of Processing Tomatoes Down in Most Key Countries. Production of tomatoes for processing in 11 of the world's leading producing countries in 1986 is estimated at 14.7 million tons, down 5 percent from the previous estimate (see WR 24-86) and down 10 percent from the 1985 harvest. Production is sharply lower in the major producing countries of the EC-12, due principally to large stocks of processed tomato products, depressed prices and reduced tomato processing subsidies. Sharply smaller harvests in 1986 also are estimated for Turkey and Israel. Only the United States, Canada, Mexico and Taiwan are estimated to have produced larger crops in 1986.

In the United States, 1986 production of tomatoes for processing is estimated at 6.7 million tons, up 3 percent from 1985. Average yield in 1986 was up 8.5 percent, more than offsetting a 5-percent drop in harvested area. California production is estimated at 5.88 million tons, 6 percent above the 1985 harvest.

In Canada, 1986 processing tomato production is estimated 4 percent above the previous season. In Mexico, 1986 production is estimated to be up 20 percent from last season, due to good weather in the major producing states and adequate water supplies.

In Italy, 1986 processing tomato production is estimated at 3.2 million tons, down 15 percent from 1985 and 43 percent below the record 1984 crop. An estimated 500,000 tons of the 3.2-million-ton crop was withdrawn from the market due to large stocks of processed tomato products. In France, processing tomato production in 1986 is estimated 16 percent below the 1985 harvest. In Greece, production is estimated 30 percent below 1985. In Spain and Portugal, 1986 production is estimated down 34 percent and 24 percent, respectively, from last season.

In Turkey, 1986 production is estimated 27 percent below last season's record crop, due mainly to a reduction in planted area and lower estimated yield. In Israel, 1986 production is estimated to have dropped 26 percent. The decline is attributed to a diversion of water supplies to other crops and a low price negotiated between processors and growers.

In Taiwan, 1986 processing tomato production is estimated to be up 6 percent from 1985. The 1987 season is now in full swing in Taiwan and the early outlook is for a smaller harvest as stormy weather last summer damaged newly planted tomato seedlings.

Estimates of processing tomato production, by country, are as follows (in thousand metric tons):

Country	1984	Revised 1985	Estimated 1986
United States	6,968	6,511	6,707
Canada	534	492	510
Mexico	375	250	300
Italy	5,600	3,785	3,200 <u>1/</u>
France	355	393	330
Greece	1,570	1,650	1,150 <u>2/</u>
Spain	1,008	829	550
Portugal	721	716	540
Turkey	1,000	1,100	800
Israel	265	257	190
Taiwan	631	362	384
Total Selected Countries	19,027	16,345	14,661

1/ Includes 500,000 tons withdrawn from market.

2/ Includes 200,000 tons withdrawn from market.

COFFEE

Estimate of MEXICO'S Coffee Production for 1986/87 Lowered. Coffee production in Mexico for 1986/87 is now forecast at 4.5 million (60-kilogram) bags, 3 percent less than earlier forecast and down 4 percent from last season's revised estimate, according to the U.S. agricultural counselor in Mexico City. Heavy winds and rains in the state of Chiapas and low temperatures in the Huasteca regions of Puebla and Hidalgo are expected to reduce output for the 1986/87 season. For the 1985/86 crop, production is now estimated to total a record-high 4.7 million bags, 5 percent more than earlier estimated, and 4 percent more than the previous high of 4.5 million set in 1982/83. Despite higher producer coffee prices, profit has remained relatively unchanged as costs are rising at the same rate as inflation.

CREDIT NOTES

Public Law 480 Agreement Signed with EGYPT. The United States and Egypt signed a Public Law 480, Title I sales agreement on December 30, providing for sales of U.S. agricultural commodities valued at \$169.1 million. The agreement provides for 850,000 tons of wheat valued at \$104.1 million and 496,000 tons (grain equivalent) of wheat flour valued at \$65.0 million.

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SCHEDULE OF ESTIMATE RELEASES--1987

Release dates in 1987 for world production estimates for selected commodities through the Weekly Roundup of World Production and Trade are as follows:

January	22	Southern Hemisphere Deciduous Fruit and Grape Production
February	19	World Cocoa Production
April	22	World Pineapple Production
May	6	Southern Hemisphere Dried Fruit Production
	6	World Sugar Production
June	3	World Tobacco Production
	17	World Coffee Production
	24	Southern Hemisphere Citrus Production
July		No reports scheduled.
August		No reports scheduled.
September	10	World Livestock Numbers and Red Meat Production
	10	World Poultry and Egg Production
	16	World Almond and Filbert Production
	30	World Honey Production
October	7	Northern Hemisphere Deciduous Fruit and Grape Production
	7	World Cocoa Production
	21	World Walnut and Pistachio Production
	28	World Sugar Production
November	12	Northern Hemisphere Dried Fruit Production
	12	World Dairy Production
	18	Northern Hemisphere Citrus Production
December	2	World Tobacco Production
	9	World Coffee Production

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In 1987, summaries of world grain, oilseed and cotton production will be released in the monthly FAS circular, World Crop Production. World Crop Production and other FAS circulars may be subscribed to by contacting:

Information Services Staff
Room 5918 South Building
Foreign Agricultural Service
U.S. Department of Agriculture
Washington, D.C. 20250

Release dates for the World Crop Production reports are as follows:

January	16	May	12	September	11
February	10	June	10	October	9
March	10	July	10	November	10
April	10	August	12	December	11

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Jan. 5, 1987, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
57. Poland barley or sorghum	Dec. 31, '86	200,000
56. Romania wheat	Dec. 23, '86	250,000
55. Iraq poultry	Dec. 22, '86	30,000
54. Dominican Republic table eggs	Dec. 9, '86	25 million eggs Sold 24,000 dozen
53. Zanzibar wheat flour	Dec. 9, '86	20,000
52. Tunisia barley	Dec. 1, '86	150,000
51. Gulf countries (Bahrain, Kuwait, Oman, Qatar, United Arab Emirates) dairy cattle	Oct. 30, '86	1,500 head
50. West Africa (Cameroon, Cote d'Ivoire, Ghana, Togo) wheat	Oct. 30, '86	345,000
49. Dominican Republic poultry	Oct. 29, '86	1,500 Sold 1,133
48. Philippines barley malt	Oct. 20, '86	60,000 Sold 25,000
47. Cameroon wheat flour	Oct. 14, '86	20,000
46. Romania barley	Sept. 24, '86	200,000 Sold 125,000
45. Venezuela barley malt	Sept. 4, '86	100,000
44. Cyprus barley	Aug. 26, '86	150,000 Sold 75,000
43. Canary Islands wheat	Aug. 8, '86	100,000

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

42.	Egypt semolina	Aug. 6, '86	30,000	Sold 15,000
41.	Soviet Union wheat	Aug. 1, '86	4,000,000	EXPIRED
40.	Canary Is. dairy cattle	July 28, '86	3,000 head	
39.	Hong Kong table eggs	July 28, '86	44 million	eggs
38.	Senegal wheat	July 17, '86	100,000	COMPLETE
37.	India vegetable oil	July 8, '86	25,000	
36.	Jordan barley	June 17, '86	60,000	
35.	Israel barley	June 17, '86	200,000	Sold 36,200
34.	Tunisia dairy cattle	May 29, '86	4,000 head	COMPLETE
33.	Algeria dairy cattle	May 29, '86	5,000 head	
32.	Sri Lanka wheat	May 16, '86	125,000	Sold 75,000
31.	Saudi Arabia barley	May 7, '86	500,000	COMPLETE
		Aug. 6, '86	250,000	COMPLETE
		Sept. 16, '86	300,000	COMPLETE
		Oct. 8, '86	200,000	COMPLETE
				(201,000)
30.	Algeria barley	Apr. 17, '86	500,000	
29.	Morocco dairy cattle	Apr. 16, '86	4,000 head	Sold 3,505
28.	Turkey dairy cattle	Apr. 16, '86	5,000 head	
27.	Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
		Sept. 12, '86	10,000 head	Sold 1,855
26.	Yemen poultry feed	Apr. 14, '86	150,000	
25.	Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
		June 24, '86	200,000	COMPLETE
		Oct. 7, '86	500,000	Sold 40,950
24.	Indonesia dairy cattle	Apr. 9, '86	7,500 head	COMPLETE
23.	Syria wheat	Apr. 8, '86	700,000	CANCELLED
22.	Benin wheat	Apr. 7, '86	45,000	Sold 30,000
21.	Algeria table eggs	Apr. 4, '86	500 million	eggs
20.	Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 200
19.	Jordan wheat	Mar. 19, '86	75,000	COMPLETE
		June 20, '86	75,000	COMPLETE
		Dec. 31, '86	225,000	
18.	Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
		Aug. 22, '86	800,000	Sold 250,000
17.	Algeria wheat flour	Feb. 25, '86	100,000	
16.	Algeria semolina	Feb. 11, '86	250,000	Sold 30,000
15.	Philippines wheat	Jan. 7, '86	150,000	COMPLETE
				(152,400)
14.	Zaire wheat	Dec. 27, '85	40,000	COMPLETE
		May 15, '86	40,000	COMPLETE
		Oct. 17, '86	40,000	Sold 10,000
13.	Nigeria barley malt	Dec. 10, '85	100,000	Sold 11,400
12.	Iraq wheat flour	Dec. 9, '85	150,000	Sold 125,000
11.	Egypt poultry	Nov. 26, '85	8,000	COMPLETE
		Mar. 21, '86	15,000	COMPLETE
		June 18, '86	5,000	COMPLETE
		July 8, '86	15,000	COMPLETE
		Dec. 19, '86	25,000	

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	Sold 15,000
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
	May 8, '86	500,000	Sold 100,000
6. Morocco wheat	Sept. 30, '85	1,500,000	Sold 1,390,000
	Dec. 9, '86	790,000	
5. Yemen wheat	Sept. 6, '85	100,000	COMPLETE
4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	Sold 63,000 LT
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE (512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	Sold 29,000
	Oct. 8, '86	1,000,000	Sold 406,000
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria wheat (ex durum)	June 4, '85	1,000,000	COMPLETE
wheat (ex durum)	Apr. 10, '86	1,000,000	Sold 354,000
durum	Nov. 10, '86	300,000	Sold 240,000

EXPORT ENHANCEMENT PROGRAM SUMMARY

Status as of Jan. 5, 1987

Announced to Date 19,243,980 (grain equivalent)
 569 million table eggs
 99,500 tons frozen poultry
 52,500 head dairy cattle
 25,000 tons vegetable oil

Sold to Date 7,226,459 wheat
 1,326,872 flour (grain equivalent)
 1,487,200 barley
 61,650 semolina (grain equivalent)
 48,532 barley malt (grain equivalent)
 38,700 rice
 44,133 frozen poultry
 23,060 head dairy cattle
 24,000 dozen table eggs

Total Sales Value: \$1,028.3 million
 Estimated Bonus Book Value: \$651.8 million.

TARGETED EXPORT PROMOTION PROGRAM

No announcements were made under USDA's Targeted Export Promotion Program this week.

Selected International Prices

Item	:	January 7, 1987	:	Change from	:	A year
	:		:	12/16/86	:	ago
<hr/>						
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.		151.00	4.10	--		N.Q.
U.S. No. 2 DNS/NS: 14%....		138.00	3.76	+1.00		179.00
U.S. No. 2 S.R.W.		135.00	3.67	-2.00		164.00
No. 3 H.A.D.....		N.Q.	--	--		173.00
Canadian No. 1 A: Durum...		156.00	4.25	+2.00		N.Q.
Feed grains:						
U.S. No. 3 Yellow Corn....		78.50	1.99	-5.50		119.00
Soybeans and meal:						
U.S. No. 2 Yellow.....		N.Q.	--	--		219.10
Brazil 47/48% Soya Pellets		195.00	--	-0-		204.00
U.S. 44% Soybean Meal.....		176.00	--	+4.00		183.00
U.S. FARM PRICES 3/						
Wheat.....		88.18	2.40	-1.10		116.10
Barley.....		44.55	0.97	+3.22		75.78
Corn.....		55.12	1.40	+2.76		90.55
Sorghum.....		50.04	2.27 2/	+4.19		79.37
Broilers.....		1,166.01	--	-138.23		1,006.62
EC IMPORT LEVIES						
Wheat 5/.....		212.90	5.79	+23.45		110.80
Barley.....		197.45	4.30	+15.10		120.15
Corn.....		191.20	4.86	+19.15		99.30
Sorghum.....		192.55	4.89	+19.60		108.05
Broilers 4/ 6/ 8/.....		470.00	--	+6.00	10/	1006.62
EC INTERVENTION PRICES 7/ 9/						
Common wheat(feed quality)		202.45	5.51	+11.55		172.40
Bread wheat (min. quality)		212.15	5.77	+12.00		183.50
Maize.....		212.15	5.39	+12.00		172.40
Barley and all other feed						
grains, excluding maize.		202.15	--	+11.55		172.40
Broilers 4/ 6/.....		1,517.00	--	-0-	10/	1,293.00
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		N.A.	--	--		N.A.
Barley.....		N.A.	--	--		N.A.
Broilers 4/ 6/ 8/.....		378.00	--	+5.00	10/	159.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ Change from last week. N.A.=None authorized. N.Q.=Not quoted. Note: Basis January delivery.

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